

2016

**Financial Statements**

Destination Marlborough Trust Incorporated



Destination Marlborough Trust Incorporated

**Contents of Financial Statements**

For the Year Ended 30 June 2016

Compilation Report	2
Directory	3
Audit Report	4-5
Annual Report	6
Statement of Comprehensive Income	7
Statement of Changes in Trust Funds	8
Statement of Financial Position	9
Notes to and forming part of the Financial Statements	10-15



Destination Marlborough Trust Incorporated

**Report on the Engagement to Compile Financial Statements**

For the Year Ended 30 June 2016

COMPILATION REPORT TO THE TRUSTEES

Reporting Scope

On the basis of information that you provided we have compiled, in accordance with "Service Engagement Standard Number 2: Compilation of Financial Information", the financial statements of Destination Marlborough Trust Incorporated for the year ended 30 June 2016 as set out on the following pages.

The Financial Statements of Destination Marlborough Trust Incorporated have been prepared in accordance with the special purpose reporting framework.

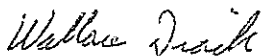
Responsibilities

You are solely responsible for the information contained in the financial statements and have determined that the financial reporting basis stated above is appropriate to meet your needs and for the purpose that the financial statements were prepared. The financial statements were prepared exclusively for your benefit. We do not accept responsibility to any other person for the contents of the financial statements.

Disclaimer of Liability

We have compiled the financial statements of Destination Marlborough Trust Incorporated ("our client") for the year ended 30 June 2016 as set out on the following pages.

A compilation is limited primarily to the collection, classification and summarisation of financial information supplied by the client. A compilation does not involve the verification of that information. We have not performed an audit or review engagement on the financial statements and therefore neither we nor any of our employees accept any responsibility for the accuracy of the material from which the financial statements have been prepared. Further, the financial statements have been prepared at the request of, and for the purposes of, our client only and neither we nor any of our employees accept any responsibility on any ground whatever, including liability in negligence, to any other person.



Wallace Diack Chartered Accountants Limited

Chartered Accountants

Blenheim

30-Sep-16



## Destination Marlborough Trust Incorporated

### Directory

As at 30 June 2016

Nature of Business                      Marketing and Promotions

Trust Formation Date                      13 October 1997

Settlor                                      Marlborough District Council

Board Members                      Thomas Davis - Appointed December 2009. Re-appointed July 2014, expires February 2018  
Barbara Faulks - Appointed by Council 2011. Re-appointed December 2014, expires December 2017  
Nigel Gould - Appointed February 2012. Re-appointed Chair September 2014, expires February 2018  
Brent Marshall - Appointed March 2011. Re-appointed 2012, expires March 2017  
Gavin Rutherford- Co-opted by the Board in February 2016, expires February 2018.  
Jane Hunter- Appointed February 2016, expires December 2018  
David Taylor - Appointed by Council April 2014, expires April 2017  
Marcus Pickens - Co-opted by the Board in December 2008. Term expired December 2015.

Accountants                              Wallace Diack Chartered Accountants Limited  
Chartered Accountants  
Level 2  
Youell House  
1 Hutcheson Street  
Blenheim 7201

Auditor                                      Crowe Horwath New Zealand Audit Partnership  
Chartered Accountants  
Level 1  
Youell House  
1 Hutcheson Street  
Blenheim 7201

Bankers                                      ANZ  
40 - 42 Market Street  
Blenheim  
Telephone (03) 577 2568  
Facsimile (03) 577 8991

Solicitors                                   Radich Law  
21 Bells Road  
Blenheim  
Telephone (03) 577 8450  
Facsimile (03) 577 8451

IRD Number                              069-167-594





## INDEPENDENT AUDITOR'S REPORT

To the Members of Destination Marlborough Trust Incorporated

## Report on the Financial Statements

We have audited the accompanying special purpose financial statements of Destination Marlborough Trust Incorporated on pages 7 to 15, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, and statement of changes in equity, for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Trustees' Responsibility for the Financial Statements*

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of these special purpose financial statements in accordance with the accounting policies as disclosed in Note 1 of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Society

*Opinion*

In our opinion, the special purpose financial statements present fairly, in all material respects, the financial position of Destination Marlborough Trust Incorporated as at 30 June 2016, and its financial performance for the year then ended in accordance with the accounting policies set out in Note 1 of the financial statements.

*Basis of Accounting*

Without modifying our opinion, we draw attention to the accounting policies in Note 1 of the special purpose financial statements, which describes the basis of accounting. The financial statements are prepared to assist Destination Marlborough Trust Incorporated to meet the requirements of the Marlborough District Council, other funding providers and the Trustees. As a result, the financial statements may not be suitable for another purpose.



---

Crowe Horwath New Zealand Audit Partnership  
CHARTERED ACCOUNTANTS  
30 September 2016

## Destination Marlborough Trust Incorporated

### Annual Report

#### For the Year Ended 30 June 2016

The Trustees submit their annual report including the financial statements for Destination Marlborough Trust Incorporated for the year ended 30 June 2016

The business of the Trust is Marketing and Promotions. The nature of the Trust's business has not changed during the year.

#### Net Surplus/(Deficit)

Net deficit for the year was: (\$26,691)

#### Appropriations

The balance to be carried forward into the Trustees Equity account is as follows:

Balance as at 1 July 2015	125,850
Net Surplus/(Deficit)	(26,691)
Closing Balance carried forward	<u>99,159</u>

#### Auditor

Destination Marlborough Trust Inc's Auditors are Crowe Horwath New Zealand Audit Partnership.

#### Interests Register

The Board of Trustees did not receive any notices from Trustees wishing to use Trust information received in their capacity as Trustees which would not have ordinarily been available.

#### Donations

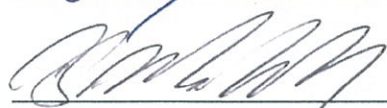
No donations were made by the Trust during the year.

For and on behalf of the Board of Trustees



Trustee

Date 30/9/2016



Trustee

Date 6/10/2016

# Destination Marlborough Trust Incorporated

## Statement of Comprehensive Income

For the Year Ended 30 June 2016

	Note	2016	2015
<b>Marlborough District Council</b>		<b>\$</b>	<b>\$</b>
MDC - Destination Marketing Grant		536,520	526,000
MDC - Tourism Targeted Rate		178,319	182,191
One off grant for Marlborough Story & conference marketing		-	80,000
		714,839	788,191
<b>Marlborough i-SITES</b>			
Display Advertising revenue		147,340	135,463
Commission on sales		295,707	269,516
Merchandise sales & event ticket booking fees		175,038	188,424
Administration fee revenue		15,760	15,099
Havelock i-SITE operational grant		15,239	-
DOC Services		16,264	19,172
Total i-SITE revenue		665,348	627,674
Marlborough i-SITES expenditure		(771,604)	717,594
<b>Marlborough i-SITES - Net Surplus/(Deficit)</b>		<b>(106,256)</b>	<b>(89,920)</b>
International Trade Marketing - advertising and partnerships		74,858	93,130
International Trade Marketing expenditure		(199,812)	(224,972)
<b>International Trade Marketing - Net Surplus/(Deficit)</b>		<b>(124,954)</b>	<b>(131,842)</b>
Consumer marketing - advertising and partnerships		94,200	69,636
Consumer marketing expenditure		(460,539)	(469,725)
<b>Consumer marketing - Net Surplus/(Deficit)</b>		<b>(366,339)</b>	<b>(400,089)</b>
Conference marketing - advertising and partnerships		28,450	30,780
Conference Marketing expenditure		(41,833)	(89,329)
<b>Conference Marketing - Net Surplus/(Deficit)</b>		<b>(13,383)</b>	<b>(58,549)</b>
Interest income		3,630.00	9,745
Rata Foundation Grant		-	25,000
<b>Total Other Income</b>		<b>3,630.00</b>	<b>34,745</b>
Destination management & stakeholder expenditure		(57,687)	(56,882)
Administration expenditure		(39,678)	(37,581)
<b>Total Other Expenses</b>		<b>(97,365)</b>	<b>(94,463)</b>
<b>Operating Surplus</b>		<b>10,172</b>	<b>48,073</b>
<b>Less Depreciation</b>			
Depreciation Marketing Admin and i-SITE	7	35,185	42,389
Loss on sale of assets		1,678	6,295
		36,863	48,684
<b>Deficit before Income Tax</b>		<b>(26,691)</b>	<b>96,757</b>
Income Tax	3	-	-
<b>Deficit for the period attributable to the equity holders of the Trust</b>		<b>(26,691)</b>	<b>(611)</b>

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.





Destination Marlborough Trust Incorporated

**Statement of Changes in Trust Funds**

For the Year Ended 30 June 2016

	2016	2015
	\$	\$
<b>Revenues and Expenses</b>		
Other Comprehensive Income	(26,691)	(611)
<b>Total Recognised Revenues and Expenses</b>	<b>(26,691)</b>	<b>(611)</b>
Trust Funds at the Beginning of the Year	125,850	126,461
<b>Trust Funds at the End of the Year</b>	<b>99,159</b>	<b>125,850</b>

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.




# Destination Marlborough Trust Incorporated

## Statement of Financial Position

As at 30 June 2016

	Note	2016 \$	2015 \$
<b>Trust Funds</b>			
Trust Capital		99,159	125,850
<b>Total Trust Funds</b>		<b>99,159</b>	<b>125,850</b>
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash & Bank Balances	4	117,600	151,075
Trade Debtors		15,041	38,364
GST Receivable		8,963	18,066
Prepayments	5	3,051	23,061
Inventories	6	30,394	26,501
<b>Total Current Assets</b>		<b>175,049</b>	<b>257,069</b>
<b>Current Liabilities</b>			
Payables & Accruals	8	232,986	320,005
PAYE Payables		8,711	9,009
<b>Total Current Liabilities</b>		<b>241,697</b>	<b>329,014</b>
<b>Working Capital Deficit</b>		<b>(66,648)</b>	<b>(71,945)</b>
<b>Non Current Assets</b>			
Property, Plant & Equipment	7	165,807	197,795
<b>Net Assets</b>		<b>99,159</b>	<b>125,850</b>

 \_\_\_\_\_ Trustee

Date 30/9/2016

 \_\_\_\_\_ Trustee

Date 6/10/2016

These financial statements are to be read in conjunction with the accompanying Notes. These statements have been audited.



## Destination Marlborough Trust Incorporated

### Notes to and forming part of the Financial Statements

For the Year Ended 30 June 2016

#### 1 Statement of Accounting Policies

##### Reporting Entity

Destination Marlborough Trust Incorporated, is incorporated under the Charitable Trusts Act 1957. The Trust was created on 13th October 1997 and is managed by the appointed Trustees.

##### Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Framework as applicable for Not-For-Profit Entities published by Chartered Accountants Australia and New Zealand and have been prepared for:

- \* The Marlborough District Council
- \* Other Funding Providers
- \* The Trustees

##### Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of the Statement of Comprehensive Income and Statement of Financial Position on an historical cost basis are followed by the trust. The information is presented in New Zealand dollars. All values are rounded to the nearest dollar, unless otherwise stated.

##### Changes in Accounting Policies

The trust transitioned on 1 July 2015 from the preparation of general purpose financial information in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP") to special purpose financial reporting as determined to be appropriate for the trust by the Trustees.

The transition has minimal impact on the accounting policies of the trust.

All accounting policies were applied consistently during the year.

##### Specific Accounting Policies

The following specific accounting policies which materially affect the measurement of the Statement of Comprehensive Income and Statement of Financial Position have been applied:

##### (a) Revenue

Revenue, such as merchandise sales and advertising, is recognised when the goods or services are sold to the customer. Commission revenue is recognised when the customer makes payment for the travel reservation. Council, government and non-government grants and donations are recognised as revenue when they become receivable unless there is an obligation to return the funds if conditions of the grant are not met. If there is such an obligation the grants are initially recorded as grants received in advance, and recognised as revenue when conditions of the grants are satisfied.

##### (b) Expenses

Expenses have been classified on their business function.

##### (c) Inventories

Inventories are recognised at lower of cost and net realisable value, determined on a first-in first out-basis.

##### (d) Trade Receivables

Trade Receivables are recognised at estimated realisable value. Bad debts are written off in the year in which they are identified.

##### (e) Property, Plant & Equipment

All fixed assets are initially recorded at cost with depreciation being deducted on all tangible fixed assets other than freehold land, in accordance with rates set out in the Income Tax Act 2007. The diminishing value rates used are as follows:

- Leasehold Property Improvements 10% - 25%
- Plant & Equipment 13% - 60%
- Motor Vehicles 26%





# Destination Marlborough Trust Incorporated

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2016

### (f) Income Tax

The income tax expense recognised in the Statement of Comprehensive Income is the estimated income tax payable in the current year, adjusted for any differences between the estimated and actual income tax payable in prior years.

### (g) Goods and Services Taxation (GST)

These accounts have been prepared on the GST exclusive basis except for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

### (h) Employee Entitlements

Provision is made in respect of the Trust's liability for annual leave and wages owed at balance date. Annual leave has been calculated on an actual entitlement basis at current rates of pay.

### (i) Trade and Other Payables

Trade and other payables are stated at cost.

### (j) Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

## 2 Tax Reconciliation

Operating Surplus and Grants Received  
before Income Tax

### Permanent Differences

Depreciation on Assets funded from Grants

Non Assessable Grant

Tax Losses Approved by the IRD

Tax Losses Subject to Approval by the IRD

Total Permanent Differences

Taxable (Loss) Income

2016	2015
\$	\$
(26,691)	(611)
27,288	33,442
-	(25,000)
(53,093)	(60,923)
53,496	53,092
26,691	611
(0)	(0)

## 3 Income Tax

Opening Balance

Income Tax (Receivable)

2016	2015
\$	\$
-	-
-	-





Destination Marlborough Trust Incorporated

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2016

<b>4 Cash &amp; Bank Balances</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Cash Balance		
Cash on Hand	1,650	1,650
Bank Account Balances		
ANZ Trust Account	25,470	33,703
ANZ General Account	14,851	7,601
ANZ Reserve Funds	-	31,827
ANZ Online Trust Account	19	55,006
ANZ General On-Line Account	75,610	21,288
	<b>115,950</b>	<b>149,425</b>
<b>Total Cash &amp; Bank Balances</b>	<b>117,600</b>	<b>151,075</b>

<b>5 Prepayments</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Prepayments	3,051	23,061
<b>Total Prepayments</b>	<b>3,051</b>	<b>23,061</b>

<b>6 Inventories</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Stock on Hand		
Blenheim i-Site	17,076	10,637
Picton i-Site	13,318	15,864
	<b>30,394</b>	<b>26,501</b>
<b>Total Inventories</b>	<b>30,394</b>	<b>26,501</b>

<b>7 Property, Plant &amp; Equipment</b>	<b>Cost</b>	<b>Depreciation Charged</b>	<b>Accumulated Depreciation</b>	<b>Closing Book Value</b>
	\$	\$	\$	\$
Property, Plant & Equipment 2016				
Leasehold Improvements	7,736	612	5,900	1,836
Plant & Equipment	104,424	15,303	137,184	34,146
Motor Vehicles	25,689	618	23,929	1,760
Blenheim i-Site Leasehold Improvements	191,816	12,585	78,550	113,266
Blenheim i-Site Plant & Equipment	88,618	5,486	7,593	13,225
Picton i-Site Leasehold Improvements	3,622	160	2,824	798
Picton i-Site Plant & Equipment	19,623	421	688	776
<b>Total Property, Plant &amp; Equipment</b>	<b>441,528</b>	<b>35,185</b>	<b>256,668</b>	<b>165,807</b>



Destination Marlborough Trust Incorporated

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2016

	Cost	Depreciation Charged	Accumulated Depreciation	Closing Book Value
	\$	\$	\$	\$
<b>Property, Plant &amp; Equipment 2015</b>				
Leasehold Improvements	7,736	816	5,288	2,448
Plant & Equipment	101,224	17,608	55,681	45,543
Motor Vehicles	25,689	835	23,311	2,378
Blenheim i-Site Leasehold Improvements	191,816	13,983	65,965	125,851
Blenheim i-Site Plant & Equipment	88,618	8,367	69,907	18,711
Picton i-Site Leasehold Improvements	3,622	193	2,664	958
Picton i-Site Plant & Equipment	19,623	588	17,717	1,906
<b>Total Property, Plant &amp; Equipment</b>	<b>438,328</b>	<b>42,390</b>	<b>240,533</b>	<b>197,795</b>

8 Payables & Accruals

	2016	2015
	\$	\$
<b>Accounts Payable</b>		
Trade Creditors	84,238	142,859
<b>Other Payables &amp; Accruals</b>		
Accrued Charges	53,436	46,142
Client Itinerary Deposits	5,114	8,670
Display Fees and Other Income in Advance	90,198	122,334
<b>Total Other Payables &amp; Accruals</b>	<b>148,748</b>	<b>177,146</b>
<b>Total Payables &amp; Accruals</b>	<b>232,986</b>	<b>320,005</b>

9 Related Parties

The Trust receives the majority of its income by way of annual grant from the Marlborough District Council. This is governed by their funding deed dated 20 November 1997. The Trust receives a core grant allocation per annum plus a targeted amount done through the rates system where tourism businesses in Marlborough pay an additional amount through their rate payments.

MDC Funding Summary	2016	2015
	\$	\$
Core grant allocation	536,520	526,000
Targeted rate	178,319	182,191
One-off grant - Marlborough Convention Bureau operation	-	30,000
One-off grant - Marlborough Story implementation and delivery	-	50,000
One-off grant - Havelock i-Site	13,500	





# Destination Marlborough Trust Incorporated

## Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2016

### (a) Related Party Transactions

During the financial year Destination Marlborough provided booking services and advertising opportunities to some entities that are associated with some Board members.

They are as follows:

2016	Sales	Purchases	Receivables (Year End)	Payables (Year End)
	\$	\$	\$	\$
Sharon Hill - Related to Jason Henry Mktg Comm	-	2,741	-	-
Bay of Many Coves - Nigel Gould	3,025	-	345	-
Chateau Marlborough - Brent Marshall	8,920	423	5,118	-
Hunter's Wines - Jane Hunter	2,675	-	-	-
KiwiRail - Gavin Rutherford	5,150	427,587	575	10,177
Marlborough Civic Theatre - Brent Marshall	4,701	-	-	-
Smiths Farm Holiday Park - Barbara Faulks	975	603	-	-
Wine Marlborough - Marcus Pickens	-	65,688	-	-
	<b>25,446</b>	<b>497,042</b>	<b>6,038</b>	<b>10,177</b>

2015	Sales	Purchases	Receivables (Year End)	Payables (Year End)
	\$	\$	\$	\$
Sharon Hill - Related to Jason Henry Mktg Comm	-	7,286	-	-
Bay of Many Coves - Nigel Gould	6,225	2,022	1,323	575
Chateau Marlborough - Brent Marshall	6,245	5,912	230	600
Kaipupu Point Wildlife Sanctuary - Barry Maister	375	8,522	-	-
KiwiRail - Thomas Davis	9,645	492,168	207	16,103
Marlborough Civic Theatre - Brent Marshall	4,242	-	-	-
Pelorus Promotions - Barbara Faulks	1,670	-	-	-
Queen Charlotte Track - Barbara Faulks	375	-	-	-
Smiths Farm Holiday Park - Barbara Faulks	770	35	-	-
Wine Marlborough - Marcus Pickens	750	84,350	-	-
	<b>30,297</b>	<b>600,295</b>	<b>1,760</b>	<b>17,278</b>

All transactions with related parties are at arms length.

### 10 Events Occurring After Balance Date

There are no known events after the balance date that would result in adjustments to the amounts included in these financial statements. (2015 Nil).

### 11 Operating Lease Commitments

<1 year  
1 - 2 years

Total Operating Lease Commitments

2016	2015
\$	\$
32,550	19,650
31,105	4,960
-	-
<b>63,655</b>	<b>24,610</b>



Destination Marlborough Trust Incorporated

Notes to and forming part of the Financial Statements (continued)

For the Year Ended 30 June 2016

**12 Contingent Liabilities**

The Trust has no contingent liabilities as at 30 June 2016, (2015 Nil).

**13 Capital Commitments**

There are no capital commitments as at 30 June 2016, (2015 Nil).

**14 Expenses**

Included within expenses were the following:

Audit Fees

Employee Benefits Expense

Expenditure on Operating Leases

Board Fees and Expenses

Interest

2016	2015
\$	\$
5,700	5,700
696,333	621,552
17,471	19,005
25,084	14,798
2	36



## Destination Marlborough Trust Incorporated

### Trust Minutes


Resolution of Trustees of the Destination Marlborough Trust Incorporated dated 13 September 2016

The Trustees, having reviewed:

1. The financial accounts for the year ended 30 June 2016.
2. The terms of the Trust Deed.
3. The objectives of the Trust Deed.
4. The circumstances of each beneficiary, in respect of age, health, prospects and their needs.
5. The nature of the existing investments.
6. The circumstances of the Trust and the asset allocation strategy.
7. The need for outside experts.

#### Now Resolve

1. The Financial Statements for the year ended 30 June 2016 as prepared by Wallace Diack Chartered Accountants Limited showing a Deficit of \$(26,691) be and are hereby approved and adopted.
2. That there be no allocations to the beneficiaries, and all income be retained as Trustee Income.
3. That there be no capital distributed to beneficiaries.
4. That there be no retained earnings distributed to beneficiaries
5. That there be no tax distributed to beneficiaries
6. That there has been no advance/loan to beneficiaries.

  
\_\_\_\_\_  
Trustee

Date 30/9/2016

  
\_\_\_\_\_  
Trustee

Date 6/10/2016